Education Achievment: Journal of Science and Research
Volume 5 Issue 2 July 2024
Journal Homepage:
http://pusdikra-publishing.com/index.php/jsr

The Influence of Financial Literacy on Student Financial Management Behavior

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ARTICLE INFO
Article history:
Received
01 April 2024
Revised
20 May 2024
Accepted
01 Juni 2024

ABSTRACT

This research aims to determine the influence of financial literacy on students' financial management behavior. This research is quantitative research, with samples taken using purposive sampling techniques. The population of this study were PGRI Indraprasta University students and the sample in this study was 30 students. The data collection method uses a questionnaire to measure each variable. Data were analyzed using descriptive statistics and inferential statistics. The results of descriptive analysis show an average financial literacy of 37.10 and student financial management behavior of 39.30. The results of the inferential analysis show that the calculated t value (2.832) is in the acceptance area so that the calculated t value is greater than the t table value (1.701). So it can be concluded that H1 is accepted, which means there is an influence between financial literacy on students' financial management behavior.

Key Word *Literacy, Finance, Management*
How to cite https://pusdikra-publishing.com/index.php/jsr/index
Doi 10.51178/jsr.v5i2.1979

INTRODUCTION

Financial literacy is a combination of awareness, knowledge, skills, attitudes and behaviors that a person needs to have to make sound financial decisions and ultimately achieve individual financial well-being (Bhabha et al. 2014; Opletalova 2015). It is expected that people who have financial literacy can live happily by managing their money well, even if they have little money.

One way of dealing with finances is how individuals control their personal financial spending. When spending is continuous and unlimited in amount which results in individuals being difficult or unable to control finances, this indicates that individuals have a poor level of financial literacy (Yushita, 2017: 12). One of the problems that has become a major concern in recent years is the low financial literacy of students. A survey conducted by OJK shows that most students do not have sufficient understanding of finance, which results in poor financial behavior.

In recent years, research has focused on how students' financial literacy affects their financial management behavior. Previous studies have shown that financial literacy strongly influences how one manages finances. However, the results cannot be widely generalized as many studies have been conducted with different methods and populations.

This study aims to find out how financial literacy affects college students' behavior in managing their finances. As a result, this study is expected to improve college students' knowledge and practices about managing their own finances and help them improve their own financial well-being.

According to the Program for International Student Assessment (PISA) in 2012, financial literacy is the knowledge of understanding financial terms used to make decisions to finance effectively, to improve material well-being by individuals and groups and in economic life. Huston (2010) defines financial literacy as the skills possessed by individuals with the ability to manage their income in order to achieve increased financial well-being. Meanwhile, according to Vitt, et al (2000) in Shaari, et al (2013: 280) defines financial literacy as the ability to read, analyze, manage money, and communicate about allocating financial resources that affect the level of welfare and the process of making appropriate economic decisions.

According to research conducted by Naila Al Kholilah and Rr. Iramani (2013), financial management behavior is a person's ability to manage (planning, budgeting, managing, controlling, checking, searching and storing) daily financial funds. With financial management behavior, it will have an impact on a person's desire to meet their needs by adjusting the level of income they earn. Student Financial Management Behavior is a type of behavior shown by everyone, especially students, about how they manage their own finances. This behavior relates to everyone's responsibility to manage their own finances.

College students' knowledge of financial management behavior is very important. The following are some research studies that address this issue Research by Napitupulu et al. (2021) found that financial knowledge and financial attitudes affect students' financial management behavior. Financial knowledge affects financial management behavior directly, while financial attitudes affect financial management behavior through financial knowledge. Research by Siahaan (2013) found that financial knowledge has no effect on student financial management behavior. However, other studies have found that financial knowledge has a significant positive effect on financial management behavior. Research by M. Septian Ubaidillah (2019) found that financial knowledge has a significant positive effect on student financial behavior. Financial knowledge also mediates the influence on financial behavior, with self-efficacy as a variable that affects financial behavior.

Finance is an important aspect inherent in student life. Financial knowledge possessed by students can help determine decisions in determining financial products that can optimize their financial decisions. According to Norma Yulianti and Meliza Silvy (2013), in carrying out financial management there must be financial planning to achieve goals, both short-term and long-term goals. The medium for achieving these goals can be through savings, investment, or allocation of funds. With good financial management, it will not be trapped in the behavior of unlimited desires.

Suwatno, Waspada and Mulyani (2019) argue that healthy financial management behavior can be shown through good financial planning, management and control activities. Yunita (2020) states that there are several behaviors that must be reflected in managing finances including, 1) Spending Money According to Needs, 2) Paying Obligations on Time, 3) Planning Finances for Future Needs, 4) Saving, and 5) Setting aside Money for Self and Family Needs.

Personal financial management is also determined by the knowledge possessed by each individual. Cummins (2009) reveals that a person's ability to manage finances is one of the important factors to achieve success in life, so knowledge of good and correct financial management is important for community members, especially individuals. Research conducted by Ida (2010) states that financial knowledge owned by a person affects financial management. The same thing is also conveyed in Andrew's research (2014) which states that there is a significant relationship between financial knowledge and financial behavior where the higher a person's financial knowledge owned will tend to be wiser in managing their finances.

RESEARCH METHOD

This research is included in the category of comparative research, which aims to compare data between the two variables being investigated in order to get the final result in the form of conclusions. The population used is Indraprasta PGRI University students. For sampling using Purposive Sampling Technique, which is a sampling technique whose criteria have been determined by the researcher. In this study we used a sample of 30 students. With this technique it is expected to provide results that are relevant to the title raised, quality and can describe the population.

The instrument used is a questionnaire prepared using a Likert scale. This questionnaire was developed by increasing indicators of financial literacy and student financial management behavior, by having 4 levels, namely SS (Strongly Agree), ST (Agree), TS (Disagree), STS (Strongly Disagree).

Table 1.
Financial Literacy Indicators

No.	Indicator	Item Number	Total
1.	Understand the concept of financial statements	1, 2, 3	3
2.	Understand the concept of time value of money	4, 5	2
3.	Understand the concept of income	6, 7	2
4.	Understand the concept of investment	8, 9, 10	3
5.	Understand the concept of savings	11	1
6.	Understand the use of loans	12, 13	2
7.	Understand the cost of borrowing	14, 15	2
8.	Understand the concept of insurance	16, 17, 18	3
Total Item		18	18

Table 2
Indicators of Student Financial Management Behavior

No.	Indicator	Item Number	Total
1.	Make a budget on a regular basis	2	1
2.	Make financial plans for the future	1, 3	2
3.	Regular savings habits	4, 5	2
4.	Doing investment activities	6, 7	2
5.	Doing price comparison in shopping	8	1
6.	Distinguishing between wants and needs	9, 10	2
7.	Setting aside money for social activities	11	1
8.	Discussing financial matters with family	12	1
9.	Make a record of expenses made	13, 14	2
Total Item		14	14

The data obtained were then analyzed using descriptive and inferential approaches.

1. Descriptive Analysis

   Descriptive analysis is used to describe respondents' scores by creating a frequency distribution table and determining the average value.

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2. Inferential Analysis
   Inferential analysis is used to test hypotheses with prerequisite tests, t tests, and f tests. Where the prerequisite test carried out is the normality test (liliefors), then correlation analysis and simple regression analysis are carried out.

RESULT AND DISCUSSION

Descriptive Analysis

Data regarding the description of financial literacy and financial management behavior of students can be seen through the following table:

Table 3.
Financial Literacy Score

Sample	Score	Sample	Score
1	50	16	44
2	22	17	44
3	33	18	50
4	50	19	44
5	51	20	22
6	50	21	30
7	33	22	22
8	22	23	44
9	33	24	30
10	44	25	22
11	50	26	30
12	44	27	28
13	44	28	28
14	33	29	44
15	50	30	22
Average score = 37.10			

Based on the table, it can be observed that the mean score is 37.10, with a minimum score of 22 and a maximum score of 51.

Table 4.
Student Financial Management Behavior Score

Sample	Score	Sample	Score
1	46	16	47
2	37	17	37
3	44	18	42
4	46	19	41

5	42	20	38
6	40	21	34
7	41	22	39
8	34	23	40
9	41	24	44
10	36	25	36
11	44	26	30
12	41	27	39
13	45	28	32
14	43	29	32
15	36	30	33
Average score = 39,30			

Based on the table, it can be observed that the mean value is 39.30, with a minimum value of 30 and a maximum value of 47. As a summary, the scores that represent the relationship between financial literacy and students' financial management behavior can be found in the following table.

Table 5.
Recapitulation of Financial Literacy Score and Student Financial Management Behavior Score

Data	Financial Literacy	Financial Management Behavior
Highest Score	51	47
Lowest Score	22	30
Average Score	37,10	39,30
Standard Deviation	10,73	4,60

Inferential Analysis

Prior to statistical analysis, the financial literacy score data were first tested for normality of distribution using the Liliefors Test. The statistical observations showed that the data were normally distributed.

Table 6.
Normality Test Results

Variable	N	L Count	L Table	Decission
X (Financial Literacy)	30	0,1480	0,161	Normally Distributed Data
Y (Financial Management Behavior)	30	0,0749	0,161	Normally Distributed Data

Because both data are normally distributed, this research can be continued by conducting correlation, determination coefficient, and regression tests to determine the extent of the relationship and the magnitude of the influence between financial literacy and student financial management behavior.

Table 7.
Correlation Test Results

t Table	t Count	Decission
1,701	2,832	There is a relationship between Financial Literacy and Student Financial Management Practices

Table 8.
Determination Coefficient Test Results

	Result	Decission
Rxy	0,472	Moderately close/strong relationship
Coefficient of Determination	22,28%	
Other factors	77,72%	

Tabel 9.
Recapitulation of Regression Analysis

	JK	dk	RJK
Total	47036	30	1567,87
Regression a	46413,33	1	46413,33
Regression b/a	135,8	1	135,8
Residual	486,87	28	17,39
dk of numerator	1		
dk denominator	28		
a	31,88		
b	0,20		
Regression Equation	Y = 31,88 + 0,20X		

Table 10.
Regression Analysis Test Results

f Count	f Table	Decission
7,81	4,20	There is an Influence between Financial Literacy on Student Financial Management Behavior

Based on the table, it can be seen that there is a fairly close relationship between financial literacy and student financial management behavior. The data also shows that with the existing coefficient of determination, financial literacy on student financial management behavior is 22.28% and 77.72% is influenced by other factors.

In this study, financial literacy was measured using 4 indicators, namely: knowledge about finance, savings and loans, investment and insurance. Then calculated its effect on student financial management behavior. The results of the study show that students' knowledge of finance, savings and loans, investment and insurance affect students' financial management behavior. This is relevant to the results of previous research which shows that financial literacy has a significant influence on student financial management behavior (Harpa Sugiharti & Kholida Atiyatul Maula: 2019). The higher the student's understanding of finance, the more students will apply it in their daily lives.

CONCLUSION

Based on the statistical analysis test results using the t table test = 1,701 where the t count results are in the accepted area so that H1 is accepted. It can be concluded that there is an influence of the relationship between variable X and variable Y, which means that there is an influence between financial literacy on student financial management behavior. Financial literacy has an impact on student behavior to manage their personal finances such as savings and loans, investment and insurance.

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